

Bond and Crime Insurance Coverage Required by SCR 20:1.15(f)(3)c.

Pursuant to SCR 20:1.15(f)(3)c., a lawyer may maintain a single IOLTA trust account for both checking and electronic banking, subject to certain requirements. This IOLTA trust account is described in this rule is an alternative to the E-Banking Trust Account, and is hereafter referred to as an "All-in-One Trust Account". One of the requirements of an All-in-One Trust Account is the maintenance of "a bond or crime insurance policy in an amount sufficient to cover the maximum daily account balance during the prior calendar year." [See, SCR 20:1.15(f)(3)c.2.]

The bond or crime insurance policy must cover the loss of funds from an All-in-One Trust Account due to theft or fraud by employees of the law firm or by a person or persons outside the firm, and must include cyber thefts.

OLR consulted the Office of the Commissioner of Insurance (OCI) to determine the current terminology that would describe this type of coverage. OCI advised that while industry terminology can change over time, working with a qualified licensed insurance agent will ensure that lawyers secure the specific bond or insurance coverages required.

OLR recommends that a lawyer consult his or her current insurance carrier to determine whether it offers coverage that will protect against the loss of funds from a trust account due to theft or fraud by employees of the firm as well as theft or fraud by a person or persons outside the firm, including cyber theft and fraud. With respect to cyber insurance coverage, lawyers should make it clear to their insurance company that the coverage required by this rule must protect against the loss of funds, not the loss of confidential client information.